

For Many, Housing Prices Out of Reach

Cost of buying a home far outstrips salary gains for moderate-income jobs, a study shows.

From Associated Press

WASHINGTON — Housing prices are far outstripping salary increases for low- and moderate-income jobs, putting the American dream of owning a home beyond the reach of teachers, firefighters and other community workers in many cities, said a study to be released today.

The report, by a coalition advocating affordable housing, found that even cities once considered affordable, such as Tulsa, Okla., are rapidly becoming too pricey for lower-income workers such as janitors and retail sales employees.

The study found the median price of a home in the United States rose 20% in just 18 months, to \$225,000. During the same period, wages for teachers, firefighters and nurses in most cities remained flat or increased slightly, but still fell far short of the annual salary needed to buy a home, the report from the Center for Housing Policy said.

For example, the median household income for a nurse rose 10% from 2003 to 2005, to about \$36,000. For a firefighter, wages were flat, remaining at about \$37,000 a year.

Those salaries don't come close to the \$71,000 annual income needed to qualify to buy a \$225,000 home. The number is based on a 10% down payment.

"It's not just the level of housing prices versus wages, but the fact that, especially in some areas, the housing prices are growing so much faster," said Barbara Lipman, the research director for the center. "It's creating this dynamic where people who work these jobs must feel like they'll never catch up. The dream of home ownership may be unattainable," she said.

The study looked at incomes for more than 60 occupations, from janitors to accountants.

The study examined housing prices for nearly 200 metropolitan areas from the fourth quarter of 2003 to the first quarter of this year.

The least affordable places in the country were the usual suspects: San Francisco, Orange County and Northeastern cities such as New York and Boston.

Some of the most affordable places were in the Midwest, places such as Waterloo, Iowa; Saginaw, Mich.; and Lima and Youngstown, Ohio.

But Lipman said cities such as Tulsa and Minneapolis, which had traditionally been thought of as more affordable, are now a concern.